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# THE SOCIAL POINT OF VIEW IN ECONOMICS. I

## SUMMARY

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## I. IMPORTANCE OF THE DISTINCTION BETWEEN INDIVIDUAL AND SOCIAL POINTS OF VIEW

ECONOMICS is beset with " nice distinctions," leading well nigh to strangulation by definitions. Some of these, however, are of fundamental importance, and among such is the distinction between the individual and the social points of view. In this paper an attempt is made to demonstrate the fundamental importance of this distinction, and to indicate its logical significance. In another paper the distinction will be further developed in an applied way, and an attempt will be made to work out a true and consistent use of " the social point of view," with regard to the main economic concepts.

At the very threshold of economic analysis we are met by the troublesome concept of " wealth," and almost immediately, as we attempt to gain a measurable material with which to work, we realize that what is

regarded as wealth by the individual is not necessarily regarded as wealth from the point of view of the whole group of which the individual is a member. In defining wealth to an inquiring class, what teacher has not had to fall back upon difference in point of view? And so it is with "income." Of course the idea of production of wealth must vary where the concept of wealth itself varies, and from the beginning of economic science differences of opinion as to what activities are "productive" have existed. Those who have insisted that wealth is material have logically enough taken an individual point of view; for, according to that point of view, the significance of exchangeability among individuals is emphasized. The same thinkers have frequently ascribed productivity solely to those who work on tangible commodities.<sup>1</sup> It will be observed, too, that it is in accord with the fact that generally material things alone are the object of theft, that your thorogoining individualist can class predatory activities as productive. At the other extreme stand those whom we may call societists. These men generally include a great variety of intangible elements and services in wealth, and logically enough they emphasize not a stock of material goods but productive *power or capacity* (as a source of income). Their concept of production is correspondingly broad. Such ideas are represented by the Nationalist, Friedrich List.

Again, the problem of value has been called the heart of economic analysis; and is it not? But who

<sup>1</sup> According to an individual point of view, wealth must be exchangeable and appropriate by individuals. These qualities, together, almost necessitate the exclusion of immaterial items. Of course, there is a fringe of such intangible items as good-will, franchises, and other claims to things: but these are recognized by all to be in a different class, as their transferability is more limited and their possession more precarious. Moreover, an individualist does not necessarily mean one who entirely overlooks society (in a certain sense, as an aggregate of individuals) and so the duplication involved in including claims with material things has been seen by most individualists.

does not know that some economists have regarded value as an objective quality or ratio derived from a comparison of unrelated individual estimates, while others speak of "social value" and regard it as caused and determined directly by estimations of society. And, following the same bents, one group considers marginal utility as a purely individual phenomenon and demand as the sum of individual demands, while another group considers marginal utility and demand as more or less purely social phenomena.

Now wealth and value are fundamental concepts, — the very basis of economic science. These two points of view cannot exist with regard to the fundamentals without permeating the whole science. Accordingly, in less fundamental concepts and principles, we find differences among economists, and discrepancies in usage by the same economists, which a little analysis shows to be based upon the difference between the social and the individual points of view. Take the idea of capital, for instance. Capital being a form of wealth, the tendency to correlate material and individual on the one hand, and intangible and social on the other hand, works in a way similar to that found in the treatment of wealth, and there is a similar fringe of appropriable intangibles that are in a doubtful category. The distinction, however, has appeared most notably of late in a tendency toward regarding capital as an abstract fund of income-yielding property which may be embodied in land, machines, or other concrete goods. This, we are told, is in accordance with the usage of the business man. True. And the business man is an individual, — an individual whose usage is not wont to be based upon a realization of the beauties of society. Those economists, however, who hold to the idea that capital consists of concrete

instruments produced by man are taking a social point of view. To the individual business man it is apt to appear that land can be made, and is limited in supply. He can invest his capital in it just as he can in machinery. But to a social group as a whole, being more comprehensive than any individual, the limitations of land supply and its special adaptations become more manifest and important; and the individual's conception of investment and income does not apply. The principle of diminishing returns, also, has been variously treated according as the writer was reasoning from an individual or a social point of view. From the latter standpoint, it is generally taken to mean diminishing quantities of produce in a technological way; from the former, diminishing quantities of value, with or without change in output or yield. The reason for this is not far to seek. For society, — so would run the reason, if it were formulated, — the significant thing is the amount of physical products on hand to gratify wants, and the more the merrier; but the individual grows "wealthy" by reason of the scarcity of his commodity, which causes it to command a high price; therefore, it is the technological diminution of returns that concerns society as a whole, and exchange-value diminution concerns single individuals.

The concept of cost also furnishes a good illustration of the way in which one's point of view colors one's theory. Thus, to the individualist it seems that "opportunity" forgone constitutes a cost, and accordingly we find him and uncritical followers introducing the notion of "opportunity cost."<sup>1</sup> This, as the writer has shown elsewhere, is the result of overlooking, on the one hand, the social significance of cost in limiting supply; and, on the other, of stopping short with the

<sup>1</sup> See Haney, "Opportunity Cost," *American Economic Review*, vol. ii, no. 3.

entrepreneur or some other individual, thus failing to consider the broader ultimate factors. In a similar way, the notion that rent is a cost of production in the same sense that payments for labor and capital are costs is a product of an individual point of view which regards the individual's alternative use for his land as an ultimate determining fact.<sup>1</sup>

Finally, the nature and scope of the science as a whole is affected. Do not some economists write as tho there were no society, and ever keep the individual first; while others begin by vociferously insisting that economics is a social science, and always keep the individual subordinate to society? But, after all, how many proceed from any clear understanding of what societies and individuals are?

It will generally be found, too, that those who emphasize society in a certain way — as a separate entity — are apt to inject a large element of ethics into their thinking. This is natural enough, for if society exists as a separate entity, the chance for clashes of interest between it and the individual are multiplied, and the ethical doctrine of self sacrifice is necessarily invoked.

There is no need to multiply instances. Probably not an economic category, concerning which economists have differed, has failed to vary in connotation and denotation because of differences in the points of view of those who used it.

The reader may already have thought of instances in which the same economist has used two definitions or followed two trains of reasoning, one of which, according to the preceding analysis, would indicate a social point of view, the other an individualistic way of looking at things. But is such inconsistency

<sup>1</sup> See the writer's article on "Rent and Price, 'Alternative Use,' and 'Scarcity Value,'" in this Journal, vol. xxiv, pp. 119 ff.

rare ? Closer examination must convince him that it is most common for confusion to arise when the significance — nay the very existence — of a distinction is not actually realized. Thus, when we find entrepreneur standpoint in distribution and social standpoint in value (Seager ?), or business man's concept of capital together with social-organism concept of value (Clark), or opportunity cost listed with pain cost, or narrow individualistic "laws" of production jostling broad ethical precepts of distribution and use, we may be surprised, but none the less convinced that confusion has reigned over greater or less domains.

Another way of bringing out the importance of this matter is to reflect that the nature of society must affect individual action — the two being interdependent — and so affect most economic laws. Indeed the laws of all social sciences must proceed from some concept of society. This is illustrated by the differences among the conclusions of economists who hold different notions concerning the nature of society. Does society come first, and exist as a separate entity superior to the individual, or *vice versa* ? Is it based upon contract, instinct, imitation, or rational consciousness of like interests ? Upon the answer to these questions the economist's treatment of his science and the nature of its laws must in large part depend.

Dr. Schumpeter, it is true, has dismissed this subject as unimportant for pure economic theory.<sup>1</sup> Briefly, his ground is that economists need not bother themselves with a consideration of motives and sub- or super-individual *activities*. But, even aside from the not unimportant point that economists have in fact taken these things into consideration and in consequence have reached different conclusions, the ques-

<sup>1</sup> Das Wesen und der Hauptinhalt der theoretischen Nationalökonomie, chap. vi.

tions remain, what is an individual? What are individual acts? The matter is by no means so simple as Dr. Schumpeter seems to think. There *are* two things (however closely interrelated): "individual" and "society." Accordingly, there *are* at least two points of view which may be taken toward nearly all economic goods and activities. Even the concept of an individual self is not practically separable from that of other individual selves. In short, the distinction between the individual and the social points of view exists in the nature of things and must be reckoned with in its particular manifestations by each of the social sciences.

## II. THE GENERAL MEANING OF THE SOCIAL POINT OF VIEW

### 1. *What is Society?*

Thus far the expression "a social point of view," has been used. This has been done advisedly; for what *the* social point of view is depends upon each thinker's concept of society. There may be as many social points of view as there are viewers. On this subject an unusual degree of confusion has existed, because there has been no attempt by economists to grasp clearly the true nature of society and then apply it in a logically consistent way in their thinking. As a first step it seems desirable to attempt a broad classification of the most important general concepts of "society" and "social."

At least four concepts of society in general have influenced economists, consciously or unconsciously, in their theories, and are worthy of consideration. First come two extreme concepts, one ancient, the



other of relatively recent date; and these will be familiar to most economists. I refer to the "social-contract" and the "social-organism" theories.

(1) The *social-contract* theory may be briefly disposed of; for probably no one now holds it in its pure form. Nevertheless it exerted no small influence upon early economists. According to this theory, originally no society existed and a more or less unmodified individualism reigned. Such was the state of nature described by Hobbes, Locke, and Rousseau. Society, the thought of which was not separated from that of the state, was formed by a voluntary, deliberate agreement among its individual members. Thus society was an abstract something entirely separate from its members. The individual came first; and, conscious self-interest having been the cause of society, it remained the moving force. Only such phases of individual life were embraced in the social existence as might be necessary for protecting the lives and property of the individuals concerned, and the governmental aspect of social action was decidedly the dominant one. The theory, as it found expression in the thought of the Classicists, meant an extreme, rationalistic individualism; which, in turn, meant a tendency toward certain theories of wealth, value, productivity, as indicated above. Of course there are different brands of individualism, just as there are of socialism. The distinguishing marks of the older social-contract individualism were its rationalism and its mechanical character. Men were supposed to be guided by self-interest and, as the self was looked upon as a material atom exclusive of other selves, each self's interests were apt to clash with those of other selves — and of society.<sup>1</sup> Naturally the limitations of natural resources

<sup>1</sup> Fite, Individualism.

and costs were emphasized, and the possibilities of organization were given little attention.

(2) At the other extreme comes the concept of society as a *social organism*. Sometimes this concept is based on mysticism, sometimes on biological analogy, sometimes on historical continuity; but always, as in the social-contract concept, those who hold it are apt to fall back upon the "natural" in explanation. Society is thought of as an entity which is either separate from its members (Clark) or fused with them (Schaeffle). The reason for its structure and purpose are to be found within itself. Society comes first and all economic activities are thought of as social processes. All phases of social life are fused. As found in the thought of typical socialistic, nationalistic, and sociological economists, the social-organism theory leads to an extreme "societism" and to a submerging of the individual. Differences among individuals are overlooked as insignificant, including both differences in capacity and in possession. Indeed, it is a general criticism of the thought of these theorists that they reason either as tho there were a communistic state or a uniformity of individuals. Thus they seek to grasp and to balance "social utility" and "social cost" *directly and immediately*, as tho society existed as some conscious entity apart from or above individual units. Instead of composing demand and supply from individual marginal utilities and disutilities they would draw curves for society as a whole directly. Those who are socialists assume a "just" (equal?) distribution and so are able to disregard important existing inequalities; but those who accept the existing system must resort to some idea of organic harmony or to an average. The individual, then, instead of being guided by self-interest, acts as a cell which is nourished

and controlled by social processes, and harmony comes not through clash of interests but through identity.

The preceding theories are now of relatively slight importance: one is dead, the other is rapidly dying. Both are alike in that they set the individual over against society. They both rest upon metaphysical bases, the one assuming a natural state of individual freedom, the other a natural social organism. In the one the individual is a mechanical atom; in the other he is a subordinate cell. Yes, in one, value is measured by contract labor cost, and in the other by social labor cost (Clark). Truly, extremes meet!

Of late, however, there has come into prominence a more refined (and less extreme) modification of the social-organism theory, which is based upon psychological analysis and centers in discussions of the "social mind." As worked out by Professor Cooley<sup>1</sup> and followed by Dr. Anderson,<sup>2</sup> this refined psychological theory is less liable to lead to unsound results, and with most of what its proponents say no fault is to be found. Indeed, with these writers the discussion may become a mere quibble over the meaning of the word "organism." The danger lies in an over-emphasis of society. Thus, tho Professor Cooley surely speaks well when he says that the individual is a differentiated center of psychical life, having a world of his own into which no other individual can fully enter (p. 9), and that the "social mind" is the expression of a vital co-operation of individuals (page 4), he also says that the individual's acts are *the outcome of the whole* (page 4). Dr. Anderson's statement of the case appears to include more of the cruder biological idea. "Society is an

<sup>1</sup> Cooley, C. H., *Social Organization*, 1909 (1912 edition cited).

<sup>2</sup> Anderson, B. M., *Social Value*, 1911.

organism," he says (page 83); and goes on to argue that this is true because (a) an organism has different parts with different functions, which parts (b) are interdependent, and (c) it has a central theme, not externally imposed, to the working-out of which the different parts contribute. But in what sense has *society* these things? <sup>1</sup> Hardly in the sense that the individual organism has them, or in any ordinary sense of the word organism. Can an organism be made up of parts which are themselves organisms? Do the parts of an organism, interdependent and co-operating as they are, each duplicate the complete round of functions of the organism as a whole? Whence does society get its "central theme," and what is that theme? Does it not come from the conscious co-operation of potentially independent individuals, and is it not the well-being of those individuals? It is logical, perhaps, to talk of a central theme of society, if we regard it as the harmony of co-operating individuals; but we cannot stop there, for the question remains, whence comes this co-operative harmony? — and the answer takes us to the individual. Of course this gets us into a circle, but circles have centers and starting points, and for purposes of analysing social valuations we must work out from and back to individual estimations. Dr. Anderson goes on to state that there is a social mind; and that individual differences among the minds of men rather prove the *organic* character of the social mind, by introducing the fact of differentiation. (As tho differences in parts could make an organism!) And then, integration being obviously necessary, he adds: "The integrating element is found in the points which the individual minds have in common" (page

<sup>1</sup> See Coker, F. W., *Organismic Theories of the State*, Columbia Studies, vol. xxxviii, no. 2.

85). But this gives us but a mechanical integration: a mere identity of minds constitutes no living thing or organism, but a blind commonness of states of consciousness. Dr. Anderson himself says that his social "organism — or the parts — is not necessarily conscious" of the social theme. Few if any thinkers would now deny the existence of differentiation; the rub comes in the manner of the integration.

Writers of this new psychological school have done excellent service in emphasizing social institutions and the interrelation of ethical, political, and economic values; but they seem to forget that this emphasis can be accomplished without regarding society as an organism. While criticising economists for taking individual activities as ultimate data,<sup>1</sup> they are themselves too prone to take social institutions, fashions, social values, society itself, for granted, and so to dismiss the question of priority of individual and society as unimportant, forgetting that what is unimportant in *time* may in *logic* involve the true social point of view.

There remain at least two other theories of society which are worthy of more serious attention. The first of these may be called:

(3) The common-content-of-consciousness theory, or for short the *common-consciousness* theory. Passing over the sub-varieties of this theory for the present, we note first that it comes nearer to being a rational theory than either of those mentioned above; for it does not rest upon an assumed natural condition, individual or organic. According to it, society, — which is thought of as having always existed where men have had relations with one another, — is the

<sup>1</sup> Cooley, "The Institutional Character of Pecuniary Valuation," *American Journal of Sociology*, January, 1913.

necessary and normal result of an evolutionary process, whereby certain instincts arise and are molded so as to lead men to take on such relations as constitute society. Society, then, is regarded not as something separate from the individual, but as the summation of those parts of individual consciousnesses which are alike. Such phases of individual consciousness are embraced in social life as are the result of a common experience and inheritance. Society thus arises naturally from, and is limited by, the fact of a common content of consciousness. Perhaps this concept is illustrated best by the thought of those members of the historical school who have held to what is, after all, a rather mechanical idea of development; for a little reflection shows one that it considers the individual as an exclusive fragment bound to other individual fragments by a chance similarity and not by any interpenetrating consciousness of that similarity. After all, according to this theory, the social point of view means a sort of average of mechanically related units, — human units, but still an average. Therefore, if it is to be applied to present-day civilization, it is open in some degree to the same criticism as the preceding theories on the score of virtually overlooking the differences among individuals.

Two degrees of this common-consciousness theory may be distinguished. (a) Apparently some thinkers go no further than to regard society as merely built up of individuals. The individuals are thought of as absolute and ultimate bundles of innate instincts. Those who, consciously or unconsciously, have this conception would logically think of social demand as a mere sum of individual demands, and would freely add and average in a mechanical, arithmetic way. (b) But others, while holding a similar idea of the origin

of society, would evidently attach more positive significance to its existence. They would regard society as reacting upon the individuals who compose it, conditioning them and molding their states of consciousness. Thus, social demand would express, in part, the reaction of the social relationship upon the content of the individual's consciousness. It is the latter variety which lays such emphasis upon imitation. Social leaders suggest styles, fashions, customs, which the individual is thought of as more or less blindly following. Without being conscious of the nature of his relations to society, the individual is positively affected thereby, through his ability to sell to others and his desire for their esteem. I believe that most economists of the present day tacitly assume a "society" of this latter type.

(4) Finally, we come to the *conscious-commonness* theory, so to call it. One who holds this theory will see the origin of society in the reflective consciousness of the individuals concerned, — a consciousness which embraces the fact of a commonness of the contents of the various individual consciousnesses. Instead of regarding the individual as a mere mechanical fragment of consciousness, one will think of him as being conscious of his interrelations with his fellows, and so doubly bound to them. Society and the individual, far from being separate, will be inseparable aspects of a complex whole, neither one coming first nor standing above the other; but, through the conscious interaction of individuals, the one will be seen in the many, and the many in the one. Thus, this theory contains the element of truth found in the social-organism theory.

It follows that differences among individuals — whether innate differences in efficiency or acquired

differences in wealth — are recognized. Not only are they not overlooked, but they are not avoided by any mathematical jugglery, for the way is seen to lie open for a conscious adjustment of necessary differences. Society means co-ordination, — harmonious adjustment. Not an average; not the fusion; not the identity; but the co-operation of individuals makes society. Consequently, individual self-interest and social interest are capable of being harmonized; for, if we assume intelligence, it is clear that each member of society, being conscious (*a*) of his relations to others, and perhaps (*b*) of their similar consciousness of their relations to him, must recognize the interdependence of their common interests, and understand that the maximum of well-being is to be gained by co-operation with his fellows.

The conscious-commonness theory makes the scope of society depend, not upon mere blind common content derived more or less passively from common environment, but upon mutual consciousness of that commonness of content. It makes social life include such phases of individual consciousness as are consciously held in common. It follows that society, so defined, may be in one way narrower than the preceding concept, while in another way it may be broader. This is true, first, because the number of individuals who are capable of appreciating their interrelations with others is more limited; and, second, because the number is not, on the other hand, restricted by the character of experience and environment. On the contrary, by means of education and interchange of ideas, all sorts of individuals from all sorts of environments may be embraced in a community of consciously common ideas.

As in the case of the “common-consciousness theory,” two degrees of the conscious-commonness theory may



be distinguished. (1) Some may regard the members of society as merely conscious of the existence of like *ideas* in the minds of their fellows; (2) others may go further, and make society depend upon a consciousness of like *interests and purposes*, and a consciousness not merely that those like interests and purposes exist but that each one is conscious that every other is aware of his interests and purposes. The first degree, obviously, is less positive, and leads to the concept of a less active society. Society is thought of as merely conditioning and molding individuals. The second degree, however, is that of a positively active society, in which the existence of a mutual reflective consciousness of common feelings, beliefs, and desires becomes a moving force, leading to active co-operation. Thus, we may call this higher degree of the consciousness idea the "*conscious-co-operation*" theory.

As held by some philosophical, neo-classical, and eclectic economists, this idea of society finds expression, for instance, in an ability to harmonize government interference with individual initiative, — social control with private property. Likewise, competition is neither praised nor blamed, but given a more or less limited place according to its workings. And the law of diminishing productivity is strictly confined to a non-historical application, for it is realized that by intelligent co-operation constant progress may rationally be assumed.

To suggest somewhat more of the economic significance of the last two main concepts of society, it may be said that, according to both, the social point of view as to valuation means a balancing of individual marginal utilities and disutilities. No such thing as margin of utility for society is recognized; but it is clearly seen that, to some extent, the fact of social rela-

tionships reacts upon individual marginal utilities. Social policy is to be determined by a summation of interrelated and mutually influenced individual valuations. The two concepts differ in that according to the one the individual is not rationally aware of this balancing process, being blindly led by instinct or imitation, while according to the other each is aware. Consequently the latter means a much closer and more plastic relationship among the marginal utilities of individuals.

There are, then, four general ways of looking at society. Of these, the two first mentioned may be discarded as unsound. The last two, together with their various shades or degrees of difference, contain within themselves the true concept. When one asks which of these is the true one, and which the true sub-variety, I think one must recognize an element of truth in each. Is it not a mere question of fact? The lowest forms of society are instinctive, like the colonies of ants and bees. The highest forms are based upon an intelligent consciousness of common interests, as in the highest development of human group life. Between the two lie the stages of an evolution. Of these stages I have but indicated four: —

- |                          |                                     |
|--------------------------|-------------------------------------|
| I. Common consciousness  | { 1. Common instincts.              |
|                          | { 2. Imitative commonness.          |
| II. Conscious commonness | { 3. Consciousness of common ideas. |
|                          | { 4. Conscious co-operation.        |

Thus the question as to what concept of society should be involved in the economist's "social point of view" depends upon the facts as to the kind of society to which his thought applies. If the group concerned is of a low order of development, innate instincts and emotions (gregarious, parental, reproductive, acquisitive, of display) are the dominant forces. If the stage of "mob action" exists, a stage

in which leaders are the great forces, and imitation (a complex group of instincts?) is the prominent factor, we still have a low order of society. If the society, however, is one in which each is conscious of a common mass of ideas, sentiments, and beliefs, we have a distinctly higher order of relationships; and when this consciousness embraces a realization of common interests and purposes, the highest stage is attained, in which the social point of view means a large measure of direct and conscious co-operation.<sup>1</sup>

As a matter of fact the highest societies known today involve no small element of instinctive action; that is, our real individuals are in part creatures of instinct. Education is covering over the instinct basis gradually, the result being a highly complex mass of motives and sanctions. If existing society were based solely upon instinct or solely upon conscious co-operation, the analysis of the social sciences would be vastly simplified, and we could make economics an exact science. As it is, motives are so mixed and divergent — some being instinctive, others rational — that when we seek to make any ultimate analysis we are either prevented, or, by abstraction, reason on the assumption of some one of the single concepts indicated above.

## 2. *The Application of the concept of Society*

As if the foregoing were not complicated enough, one soon finds in the definition and use of economic terms at least two ways of applying the various concepts of society. (1) Thus, one writer, whichever one of the four concepts he may choose, in applying the social point of view may mean the point of view of a

<sup>1</sup> It may be interesting to note that in the first stages, individualism, materialism, a negative concept of society, and the idea of a necessary clash of interests, all are logical; and these ideas characterize the thought of those whose social point of view means society in those stages. But each higher stage is a limitation upon individualism and materialism, and a step toward a more positive concept of society.

society *as a whole*, — a sort of anthropomorphic concept of society. He thinks of society and individuals as separate entities, and his individual — and he himself — takes a social point of view through a feat of altruistic gymnastics called self sacrifice. This, as Spencer puts it, involves “a combined action which directly seeks and subserves the welfare of the society as a whole, and indirectly subserves the welfare of individuals by protecting the society.”<sup>1</sup> Such a writer, it is clear, has in mind the *aggregate* wealth or activity of the group as a whole. Looking at society in this way, he is apt to think of it as occupying a certain territorial area. Often he really means a given nation, thus falling into the old error of confusing “society” with the “state.” He comes to deal with the “wealth of nations” literally, and hopelessly confuses economics and politics.

(2) But another writer, in using the words “social point of view,” may mean something quite different, namely *a relation among the individuals* who compose the group, be it society or nation. He means, not the aggregate wealth of the whole group, but wealth considered from the point of view of an individual who conforms to the group’s standards, — who is an integral part of the society.

Thus, the one application does not concern the individual directly, and considers an aggregate; the other starts with the individual, but limits or modifies his motives and possessions by putting him into a complex of social relations. Nor, in the latter application, are the welfare of the individual and the welfare of the society separated.

I am inclined to believe that a good deal of confusion has crept into economic reasoning as a result of failing to distinguish these two possible uses of the idea of

<sup>1</sup> Spencer, *Principles of Sociology*, vol. ii, p. 247 (N.Y., 1891).

“social” ; and that possibly a consistent resort to the latter use will open the way for a more sane and lifelike treatment of economic problems. According to it, “from the social point of view” would mean from the point of view of an individual who, being sensible of a likeness between the content of his consciousness and that of the consciousnesses of his fellows, acts in accord with that sensibility. Or, put more objectively, the social point of view is the point of view of *an individual who, being conscious of a mass of feelings, beliefs, and purposes which he shares with those with whom he comes in contact, acts in such a way as to preserve society.* Put either way, the idea is the same: things are seen through the eyes of a sentient and conscious *individual who is aware of an interdependence among the members of his group, including himself, and consequently, to some extent, co-operates with them.* What acts are to be excluded is not necessary to decide here. The question must be more or less relative. Suffice it to say that, if we take the broad stand of society in general, all activities which violate the morals, laws, or economy of a society tend to destroy society, and are anti-social; a social individual would not engage in such, and consequently they are not in accord with a social point of view. Two things are certain: (1) One cannot escape the simple fact that only the individual can experience costs and utilities and make valuations, for he alone is the seat of a nervous system and sensations. (2) The individual is a product of heredity and environment, and through both he is molded by those relations with his fellows which we call social. In view of these facts, the only logical recourse seems to be to look at economic facts and forces through the eyes of an individual considered as an integral part of a society, — the “social individual.” This would free us both from atomistic

individualism and from organismic societism. The one-sidedness of both individualism and socialism becomes apparent. The conclusion, then, is that for most purposes we should adopt what may be called "*the social-individual point of view.*"

As already implied, the "social individual" may be thought of as a member of any kind of society, and the social-individual point of view is, therefore, but a means of applying one's concept of society, that concept being the primary consideration. Thus, to take but a single case, if one takes the "conscious-commonness" theory, one's social individual is always thought of as a person who is more or less intelligently conscious of the ideas of his fellows, and is far removed from being a mechanical fragment or atom. He is always a part of society in the sense that he so acts upon and is reacted upon by his fellows that all are interdependent, and he knows it. Nothing is assumed as to his equality with them, nor as to his natural position in a social organism. He values things in view of his relations to others. He may be more or less selfish — as the psychologist may decide — but by the economist his wealth-getting-and-using activities are taken for granted so long as they are consistent with a consciousness of the existence of similarly conscious fellows.

From the social-individual point of view, predatory and other anti-social activities not being recognized, the Peruna and burglar's-jimmy problems would be quickly and correctly solved. They would hardly be problems! Of course, "wealth" would be somewhat narrower in scope than the non-social individual might wish. On the other hand, merely acquisitive activities would be given a logical recognition: if based upon free exchange, the social individual's activities may add to his wealth without adding to that of his fellows. Does

he not thereby gain for the efficient at the expense of the inefficient, even tho the "wealth-of-society-as-a-whole" is not increased?

### III. THE SPECIAL MEANING OF THE SOCIAL POINT OF VIEW IN ECONOMICS

But after one has taken any of the four ideas of society, and has decided whether to look at things from the point of view of a society as a whole, or that of a "social individual," the question remains, how much of society should one include? What should be the content of one's social point of view? Is the social individual to be the "economic man"? Not only do we generally reason more or less abstractly by assuming, consciously or unconsciously, some one of the various concepts of society; but we also usually are forced to make our reasoning still more abstract by limiting the content of the idea of society. We do this by considering only a part — or, better, an aspect — of the content of individual consciousness which is held in common.

Social life, of course, has many modes; and there are many centers of conscious activity which, as it were, form the points of contact between the consciousnesses of those individuals who form a society. The more of these centers that are thought of as embraced in the common consciousness, the richer the concept of society, tho probably the fewer the individuals included. To be more concrete, we often speak of various "worlds" such as the "literary world," "the world of art," "the world of business." Then there are "racial ties," "social whirls," and the like. Common language, racial temperament, religion, and the like, tho not essential, facilitate the formation and existence of these societies. Perhaps the most important of the social "worlds" center in religion, ethics, economics,

government, and art, using these terms very broadly. Accordingly, the social point of view might be based upon a society including all these worlds, or aspects of consciousness, so that its members would act and react effectively upon one another from many angles. This would be the broadest social point of view, — the one for “sociology.” Should it be taken by the economist? Here we meet a question akin to the old one concerning the inclusion of ethical and political considerations in economic analysis.

It seems clear that the economist’s social point of view should include only the economic aspect of society. For the same reason that “utility” and “wealth” are generally regarded as non-ethical concepts, the economist, as such, should be limited by a wise division of labor to that aspect of the common content of individual consciousnesses which concerns men’s relations to things of limited supply that they desire. Just as economics is concerned only with those individual acts that concern wealth (including services), so its social point of view posits an economic society.

An economic society may be defined as a group of individuals who are mutually dependent upon a common or interrelated supply of economic goods. If it is as highly developed as are most economic societies today, it becomes a group bound together by mutual consciousness of the desirability of exchange, and is based upon a conscious appreciation of the importance of the interrelation as a means of gratifying the wants of the individuals concerned. It thus ceases to be based upon a quasi-mechanical exchange of goods.

Such a society may or may not coincide with a “world of art” or a “race.” It is not confined to national bounds. Indeed, it may be narrower in extent than a nation. Are not England and the United States and Canada embraced in a single economic



society? And was the South in 1860 not more a part of England's economic society than of that of the North? Probably dreams of universal peace will come most nearly being realized as a result of the growth of a highly developed world-wide economic society, — an international consciousness of common economic interests.

Thus, to take a special case, wealth, from a truly economic social point of view, should be defined without regard to the artist's, the statesman's, or the prophet's official valuations. Obviously, there can be many different attitudes towards the things that the economist calls wealth. Wealth exists as an objective fact; but each social science approaches it from a different angle of vision, and, while to the student of ethics it is one of many "good" or "bad" things, and to the statesman one of many means to the end of the security and political well-being of the citizen, to the economist it is the whole external world of scarce, want-gratifying things. To be sure, he must know that men desire certain scarce things partly because they think them right or politically expedient, which, put in other words, is to say that the economic world — being a part of other worlds, all interpenetrating — is modified in scope by those other worlds; but he takes his world as he finds it, and his society is none the less economic. Thus, his social point of view does not mean an ethical one, even tho the influence of ethics is not to be excluded.

This does not mean that the economic society is peopled with mythical "economic men"; but it does mean that the economist's society is that aspect of society or societies taken as a whole which centers in economic relations, and that ethical or other motives are of interest to him only as posited data which may aid him in understanding the course of men's wealth-

getting-and-using *activities*. It may, however, be said to mean a true economic man in the shape of an economically social individual who lives in accord with the mutual dependence and consciousness of the desirability of exchange which characterize the economic aspect of society, — the economic world.

In fine, I conclude that the true meaning of the social point of view, as most expedient for the economist, is as follows: it is the point of view of an individual who is conscious of an interdependence among those with whom he comes in contact relative to all scarce utilities, and who consequently acts so as to co-operate with them in producing and consuming such utilities. It is the point of view from which the individual is seen as the conscious unit of a group whose members are interrelated by commonness of content of consciousness with regard to wealth. Proceeding from the individual consciousness, the economist's social point of view concerns a relationship among individuals based upon exchange. Society and individual are synthesized. This I have called the social-individual point of view.

Whether convinced of the soundness and expediency of the foregoing conclusions or not, the reader can hardly fail to admit that a true social point of view for economics must be founded upon (1) a true concept of society in general, (2) a true concept of "social," as involving the application of the concept of society, and (3) a true concept of "economic society" in particular. It is the writer's earnest desire to see such concepts adopted and consistently followed by economists.

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